

Decision 17-12-023 December 14, 2017

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the
Commission's Own Motion to Conduct a
Comprehensive Examination of Investor Owned
Electric Utilities' Residential Rate Structures, the
Transition to Time Varying and Dynamic Rates,
and Other Statutory Obligations.

Rulemaking 12-06-013

**DECISION ADDRESSING STATEWIDE MARKETING, EDUCATION, AND
OUTREACH FOR RESIDENTIAL RATE REFORM**

Table of Contents

<u>Title</u>	<u>Page</u>
DECISION ADDRESSING STATEWIDE MARKETING, EDUCATION, AND OUTREACH FOR RESIDENTIAL RATE REFORM	1
Summary	2
1. Procedural and Factual Background	3
2. Need for Statewide Campaign	7
3. Statewide Campaign: Vision and Metrics	13
4. Integration with EUC Campaign	18
5. Consultant for Statewide Residential Rate Reform ME&O	20
5.1. Selecting an ME&O Consultant	21
5.1.1. Party Positions Regarding Hiring DDB	21
5.1.2. Discussion of DDB	24
5.2. Scope of Work for Statewide ME&O	27
5.2.1. Party Positions	28
5.2.2. Discussion of Scope of Work	31
5.3. Statewide ME&O Budget	34
5.3.1. Party Positions on Overall Statewide Budget	34
5.3.2. Party Positions on DDB's Budget Submissions	36
5.3.3. Discussion of the Budget	37
6. Governance	43
7. Next Steps	46
8. Affirmation of Prior Rulings	47
8.1. Rolling vs. Big Bang	47
8.2. Coordinating ME&O Consultant	48
8.3. Participation in ME&O Working Groups	49
9. Comments on Proposed Decision	49
10. Assignment of Proceeding	54
Findings of Fact	54
Conclusions of Law	59
ORDER	61
APPENDIX A - Scope of Work for Statewide Residential Rate Reform Marketing Education and Outreach	
APPENDIX B - Role of Different Consultants	

DECISION ADDRESSING STATEWIDE MARKETING, EDUCATION, AND OUTREACH FOR RESIDENTIAL RATE REFORM

Summary

This decision reaffirms the Commission's commitment to optimize, align, and integrate electricity-related customer engagement campaigns for different Commission programs. In Application 12-08-007, the Commission selected a consultant to implement and administer statewide outreach for energy efficiency and energy management using the Energy Upgrade California (EUC) brand. This consultant, DDB San Francisco (DDB), is also tasked with aligning and integrating other electricity marketing campaigns under the EUC brand. Although the Commission contemplated that DDB will actively align marketing campaigns, a budget or mechanism for aligning the residential rate reform campaign with the EUC campaign had not yet been established. In this proceeding, the Commission has found that successful marketing, including customer engagement and understanding of electricity rates, is essential to the smooth transition to time-of-use rates and the understanding of rates in general.

Today's decision incrementally expands the existing EUC campaign and authorizes amendments to the EUC contract to include strategy and content development for statewide marketing, education and outreach (ME&O) for the residential rate reform program. The three investor-owned utilities are directed to issue requests for proposals for implementation and evaluation work associated with the statewide ME&O campaign for the residential rate reform program.

This decision also confirms that utilities may switch customers to time-of-use rates in waves rather than all at the same time.

This proceeding remains open.

1. Procedural and Factual Background

The Commission initiated this rulemaking, “to examine current residential electric rate design, including the tier structure in effect for residential customers, the state of time variant and dynamic pricing, potential pathways from tiers to time variant and dynamic pricing, and preferable residential rate design to be implemented when statutory restrictions are lifted.”¹ Decision (D.) 15-07-001 (Decision) adopted a number of significant residential rate reform measures and set forth steps to transition California’s default residential rate structure from tiered, non-time-varying rates to time-of-use (TOU) rates starting in 2019.

In the Decision, the Commission stressed the importance of educating customers on the rate reforms ordered by the Decision. In order for TOU rates to be effective, customers must be aware of their current rates, understand how their rates are changing, and receive useful information on what they can do to engage with the new rate structures and control their bills. The Decision directed that the development of a long-term marketing, education, and outreach (ME&O) program be addressed during Phase 3 of this proceeding. To assist in this effort, the Decision ordered the formation of an ME&O Working Group to examine ME&O for residential rate changes generally, and how ME&O for rate changes interact with other residential programs.²

On December 17, 2015, the assigned Commissioner and Administrative Law Judge (ALJ) issued a ruling (2015 Assigned Commissioner Ruling (ACR) directing the investor-owned utilities (IOUs) to hire a consultant to advise the ME&O Working Group on appropriate ME&O metrics, goals, and strategies to

¹ Order Instituting Rulemaking 12-06-013 at 1.

² D.15-07-001 at 299.

meet those goals, including a plan for the coordination of Commission statewide ME&O programs. The 2015 ACR also directed the IOUs to prepare a comprehensive ME&O plan to meet ME&O goals.

Greenberg, Inc., the selected consultant, delivered the comprehensive ME&O plan, the Rate Reform Order Instituting Rulemaking (RROIR) ME&O Blueprint (Blueprint), on August 20, 2016.³ The Blueprint included a strategic action plan for statewide and local utility marketing as well as a proposed vision, proposed metrics, and proposed timeline and budgets for 2017 through the default of residential customers to TOU rates in 2019.

On September 30, 2016, assigned ALJ McKinney issued a ruling setting forth next steps for ME&O and a common outline for the IOUs to use when submitting their ME&O plans.

On November 1, 2016, Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) submitted advice letters setting forth their respective ME&O plans (ME&O Advice Letters).⁴ In response to direction provided by assigned ALJ McKinney at the February 6, 2017 Prehearing Conference, the IOUs submitted supplements to their ME&O Advice Letters on March 15, 2017.⁵

During the period that ME&O strategies for rate reform were being developed in this proceeding, the Commission issued two decisions in the

³ ALJ McKinney issued a ruling on October 7, 2016 adding Greenberg's Marketing, Education & Outreach Blueprint v.2 into the record of Rulemaking (R.) 12-06-013 for reference purposes. A copy of the Blueprint can be found on the Docket Card for this proceeding at: <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=183957069>.

⁴ PG&E Advice Letter (AL) 4949-E; SCE AL 3500-E; SDG&E 2992-E.

⁵ PG&E AL 4949-E-A; SCE AL 3500 E-A; SDG&E AL 2992 E-A.

statewide ME&O proceeding, Application 12-08-007 (EUC Proceeding), and held multiple workshops refining the role of the statewide Energy Upgrade California (EUC) campaign. D.16-03-029 authorized a Request for Proposals (RFP) process to solicit competitive bids for the EUC marketing contract. D.16-09-020 accepted the results of the RFP and directed PG&E to enter a contract with the selected bidder, DDB San Francisco (DDB), to act as Implementer for statewide ME&O efforts that would be conducted through the EUC campaign.

On April 14, 2017, the assigned ALJs issued a ruling (April 2017 Ruling) in this proceeding seeking comment on how to proceed with statewide ME&O for residential rate reform. The ruling sought comment on whether the Commission should expand the role of DDB on the EUC campaign to encompass additional statewide residential rate reform ME&O tasks. The ruling also sought comment on an appropriate scope of work and budget for implementing statewide rate reform ME&O.

Opening comments on the ruling were filed on April 25, 2017 by PG&E, SCE, SDG&E, the Office of Ratepayer Advocates (ORA), the Center for Accessible Technology (CforAT), the Consumer Federation of California (CFC), and the Community Choice Aggregator (CCA) Parties.⁶ Reply comments were filed by CforAT on May 4, 2017 and by PG&E, SCE, and SDG&E on May 5, 2017.

On July 20, 2017, an ALJ ruling (July 2017 Ruling) was issued seeking additional comment on statewide residential rate reform ME&O. Based on a proposal made by SCE in its comments to the April 2017 Ruling, the July 2017 Ruling sought additional comment from DDB and parties regarding a phased

⁶ The CCA Parties consist of the City of Lancaster, Marin Clean Energy (MCE), Peninsula Clean Energy, Silicon Valley Clean Energy Authority, and Sonoma Clean Power Authority.

approach to engaging consultants for statewide residential rate reform ME&O. As a first step, PG&E, the holder of the EUC contract, would immediately contract with DDB for an incremental expansion of DDB's role as EUC implementer to provide more of an emphasis on rate reform issues. This work would constitute the Strategy and Content Development Work and would be limited to strategy updates and development based on the ME&O Blueprint and current EUC campaign, content development and creative design, and content development surveys and testing. A competitive solicitation (or similar procedure) would then be used to hire a consultant for implementation and evaluation work. The Strategy and Content Development Work, and the Implementation and Evaluation Work, are set forth in more detail in Appendix A to this decision.

Pursuant to the July 2017 Ruling, PG&E, on behalf of DDB, submitted a proposed budget for the Strategy and Content Development Work on July 27, 2017.⁷ Comments on DDB's proposed budget were filed on August 3, 2017, by ORA, CforAT, and jointly by PG&E, SCE, and SDG&E (Joint IOUs).

On September 13, 2017, the Commission held a workshop to discuss options for coordinating statewide residential rate reform ME&O with statewide energy efficiency ME&O. At the workshop, DDB made a presentation regarding the EUC campaign, alignment of the statewide residential rate reform ME&O campaign with the EUC campaign, and the assumptions underlying its budget proposal for the Strategy and Content

⁷ PG&E refiled and re-served DDB's budget submission on August 2, 2017 to correct errors in the original filing. The August 2, 2017 filing did not make any changes to the descriptions of activities or costs set forth in the July 27, 2017 budget submission.

Development Work.⁸ Pursuant to discussion at the workshop, on September 27, 2017, DDB provided the Commission's Energy Division with a more detailed budget proposal for the Strategy and Content Development Work.⁹

On October 3, 2017, an ALJ ruling was issued inviting comment on DDB's workshop presentation and additional budget submission. Comments to this ruling were filed on October 10, 2017 by the Joint IOUs, ORA, and CforAT.

2. Need for Statewide Campaign

The Commission has repeatedly emphasized that effective ME&O is essential to the success of rate reform and the introduction of default TOU rates. Research shows that residential customers generally have a poor understanding of rates and a key objective of this proceeding is to increase their understanding.¹⁰ One of the ten rate design principles the Commission has adopted for use in this proceeding includes the following:

Transitions to new rate structures should emphasize customer education and outreach that enhances customer understanding and acceptance of new rates, and minimizes and appropriately considers the bill impacts associated with such transitions.¹¹

Greenberg was selected to develop the Blueprint because of Greenberg's experience. The Greenberg team, consisting of a program lead, three strategy

⁸ Attachment A to the *Administrative Law Judge's Ruling Inviting Comment on DDB's Workshop Presentation and Additional Budget Submission*, issued on October 3, 2017.

⁹ Attachment B to the *Administrative Law Judge's Ruling Inviting Comment on DDB's Workshop Presentation and Additional Budget Submission*, issued on October 3, 2017.

¹⁰ D.15-07-001 at 29-30.

¹¹ D.14-06-029 at 12-13.

leads (marketing, measurement, and alignment), and other experienced professionals, based the Blueprint on extensive research, including numerous focus groups.¹² Greenberg also spent time meeting with stakeholders to identify the goals of and barriers to successful ME&O. As such, the Blueprint provides valuable insight into the challenges residential rate reform ME&O faces.¹³

Greenberg identified the following barriers to an effective ME&O campaign:

- Existing marketing campaigns for Commission programs lack context and coordination. A unifying vision for the Commission's programs is needed.¹⁴
- Customers are cynical about electric programs and lack brand trust with respect to the IOUs and government agencies such as the Commission.¹⁵
- IOU and Commission marketing tends to be focused exclusively on Intellectual Quotient (IQ) strategies that emphasize price signals and lack customer focus.¹⁶

¹² Blueprint Slide 9 (primary customer research, stakeholder interviews, secondary research review, and other activities). Details of the focus group results and other research are included in the Appendices to the Blueprint. Transcripts of the focus group interviews were made available to the ME&O Working Group. Energy Division staff also observed several of the focus groups.

¹³ As is typical for marketing and advertising agencies, Greenberg delivered the Blueprint in the form of a slide deck.

¹⁴ Blueprint Slide 33; Executive Summary at 3 (citing the primary challenges as: (i) Low customer engagement, (ii) Default TOU won't inspire customers to make sustained behavioral changes, (iii) Currently mandated messaging (fact-heavy and not unique) does not connect with customers, (iv) Residential Rate Reform/TOU are not reasons for customers to listen to messaging beyond immediate rate changes. Item (iii) refers to "IQ strategies" such as bill comparison mailers and other types of messaging that consists primarily of numbers and information.).

¹⁵ Blueprint Slide 37.

¹⁶ Blueprint Slides 27, 68-69, 70 (Because electricity is a low engagement category, motivating customers requires communications that explain context; "the "Why" must use [emotional quotient (EQ)], not IQ, to inspire change"); Appendix F at 9; Executive Summary at 3-4.

- Customers have a limited window of attention for energy. “In a low engagement category, repeated, unsynchronized messages cause confusion.”¹⁷

The Blueprint provides a strategy for addressing these barriers. The Blueprint envisions the transition to default TOU rates as a rare opportunity to set the groundwork for changing Californians’ relationship with electricity.¹⁸ The Blueprint sets forth a two-track strategy to engage customers.¹⁹ One track at the statewide level will be high-level, emotion-based, and provide Californians with the context for the changing rate structure and a vision to rally around (focusing on Emotional Quotient (EQ)). The other track at the IOU level will focus on fact-based, rate-specific, personalized messages and education (focusing on IQ).

¹⁷ Blueprint Slides 37-38.

¹⁸ Blueprint Slide 41.

¹⁹ Blueprint Slides 114-117.

	Activities	Purpose	How is it different?
Statewide – Foundational	<ul style="list-style-type: none"> State that energy stewardship is a California value Provide emotional examples of how energy is a part of customers' lives 	Engage customers on energy and provide a reason to care	Builds new and neutral/positive relationship with customer around energy
Statewide – Explanation of TOU	<ul style="list-style-type: none"> Explain that TOU is a California-wide program Explain how time is an important aspect of energy usage 	Contributes to sense that everyone is in it together, provides some education on what TOU is	Provides a neutral explanation of TOU divorced from the utility and its perceived potential profit motive
IOU	<ul style="list-style-type: none"> Communicate the actual details of TOU transition Provide rate comparisons and tools/support to help all customers adjust Provide information that will help potential benefiter opt-in to TOU rates ahead of default and enroll said customers Provide timely information on opt-out and other rate options to potential non-benefiter 	Educate/inform customers on how to act and sustain customer relationships through transition	Provides information on transition and rates specific to the customer's preferences, their usage, and status as structural benefiter or non-benefiter through tools and knowledge only utilities have

The Blueprint explains that in a low-engagement category such as electricity, providing customers with context and a reason to care is essential to motivate change. Attempting to educate customers about a topic they do not care about may, in fact, negatively condition customers and build resistance to additional messaging. Therefore, the Blueprint's strategy starts with an

emphasis on the statewide campaign to provide context and develop customer engagement with the brand (EUC) and the purpose of rate change. Over time, the emphasis will shift to IOU-specific outreach and billing details.²⁰

ORA and SDG&E have expressed uncertainty about the role of a statewide campaign in the roll out of default TOU rates.²¹ The need for IOU-specific education is already well-established. Before engaging a statewide consultant, it is important to differentiate between the role of the IOU-specific efforts and the statewide campaign. In addition, there should be “clear benefits” to engaging a statewide campaign.²² Finally, as pointed out by SDG&E, we must be careful to ensure that any such consultant is not tasked with both the ME&O deliverable AND the evaluation of that deliverable.²³ We agree with all of these points, and address them in more detail below. In sum, the structure of the statewide ME&O work adopted today makes it clear that the statewide ME&O efforts will not duplicate the work already being performed by the IOUs. The purpose of the statewide campaign is distinct from the goals of the IOU-specific programs; this purpose could not be achieved through the IOU campaigns. Based on Greenberg’s extensive research and the Blueprint findings, ME&O at the State level is necessary to establish the context for TOU rates using the EQ approach. Without sufficient ME&O at the State level, customers will not understand or accept the rates being offered by their local utility.

²⁰ Blueprint Slide 242.

²¹ ORA April 25, 2017 Comments at 2; SDG&E April 25, 2017 Comments at 5.

²² ORA April 25, 2017 Comments at 3.

²³ SDG&E April 25, 2017 Comments at 2-3.

The Blueprint's findings on the need for a statewide EQ engagement campaign are compelling. First, the Blueprint explains that information-laden rate communications alone are not effective and may even cause backlash against TOU rates given customers' demonstrated low engagement with energy issues. The statewide campaign is intended to provide the foundational message that will prepare customers for the detailed information provided by local IOU messaging. The Blueprint also finds that the IOUs do not have the needed relationship with customers to convey the context (the "Why") of the shift to TOU rates and that a neutral messenger is needed.²⁴ SDG&E and ORA have not suggested alternatives to the statewide campaign that could achieve the same level of customer engagement.

The Joint IOUs continue to support a third-party statewide umbrella or "air cover" campaign but contend that the campaign set forth in the Blueprint may not be feasible due to insufficient lead time to develop and launch the statewide campaign ahead of the default TOU rollout beginning in 2019.²⁵ The Joint IOUs also contend that changes to the approach for statewide ME&O may be warranted due to the Commission's decision in D.17-09-036 to exclude California Alternatives Rates for Energy/Family Energy Rate Assistance (CARE/FERA) - eligible customers in the IOUs' hot climate zones from the default TOU pilots.²⁶ A statewide campaign is still needed to provide necessary context and to address customers' low engagement with energy issues. However, we agree that changes to the campaign strategy set forth in the

²⁴ Blueprint Slides 689 & 707.

²⁵ Joint IOU August 3, 2017 Comments at 7; Joint IOU October 10, 2017 Comments at 3.

²⁶ Joint IOU October 10, 2017 Comments at 2.

Blueprint may be required to account for new requirements and changed circumstances. To account for these changed requirements and circumstances, we have structured the scope of work for the statewide residential rate reform ME&O consultant to begin with an “update” to the Blueprint.²⁷

3. Statewide Campaign: Vision and Metrics

The Blueprint sets forth three “Vision Metrics” to be used to align and guide residential rate reform ME&O toward a common objective.²⁸ These Vision Metrics are akin to a “North Star” toward which all ME&O efforts should be directed. This North Star is especially important because there are at least four different entities that will be working on ME&O related to residential rate reform: the statewide consultant (in coordination with the EUC campaign) and the three IOUs. The original Vision Metrics in the Blueprint were: (1) Affinity, (2) Retention, and (3) Action. Today’s decision adopts Vision Metrics for the statewide and IOU-specific campaigns, but has modified the second Vision Metric to be consistent with D.15-07-001 and the legislative intent of Assembly Bill (AB) 327.²⁹ The adopted Vision Metrics are: (1) Engagement, (2) Rate Choice, and (3) Action. Each of these Vision Metrics, and the support for each metric, are set forth in more detail below.

Importantly, each Vision Metric has an “owner” (statewide consultant or IOU) who will be responsible for making sure the Vision Metric is achieved. In

²⁷ The structure of the scope of work and the process for working with the ME&O Working Group is addressed later in this Decision.

²⁸ Blueprint Slide 60.

²⁹ Stats. 2013, ch. 611.

turn, the Vision Metric is a means by which to assess the effectiveness of the actions taken by the owner.

The Engagement Vision Metric is owned by the entity charged with statewide marketing for residential rate reform.³⁰ This metric targets the goal that “Californians feel a personal connection to electricity and feel strongly that it is important to be thoughtful about when and how much they use.”³¹ The Blueprint suggests additional submetrics:

- Percentage of customers that have a personal connection with electricity use.
- Percentage of customers that understand the value of managing their electricity use.
- Percentage of customers that understand electricity use at certain times of day matters.³²

The Retention Vision Metric would have focused on measuring the number of customers who stay on the default TOU rate.³³ D.15-07-001 found that a TOU rate would be the better default rate for most California ratepayers. But D.15-07-001 also found that customers should be able to choose a rate plan. In

³⁰ Although today’s Decision identifies DDB as the entity responsible for statewide marketing in the immediate future, there will be an RFP to select an entity to perform this function for the long-term.

³¹ As set forth in the Blueprint, this metric is articulated as “[Percentage] of Californians [that] feel a personal connection to electricity and feel strongly that it is important to be thoughtful about when and how much they use (timing and specific affinity metric [to be determined] after additional IOU testing).” (Blueprint Slide 63.)

³² The metrics have been revised slightly because the original wording implied that the metric is testing whether customers have become “thoughtful” about their energy use. We do want customers to be “thoughtful” about their energy use. Customers, however, reacted negatively to this language. The revised metric language is intended to be more neutral.

³³ Percentage of nonexempt Californians that stay on the TOU rate 15 months after the pilot default (3 months after bill protection ends). (Blueprint Slide 63.)

addition, the provisions of AB 327 make it clear that the Legislature intended that customers have at least one alternative rate to the TOU rate, i.e., a tiered rate option should continue to be available. AB 327 and D.15-07-001 also emphasize the need to ensure that the move to default TOU rates does not inadvertently harm vulnerable customers. As many parties have pointed out, a Vision Metric that encourages IOUs to prevent customers from exercising their right to choose a rate could harm customers and is counter to the goals of the Commission and the intent of the Legislature. Indeed, intervenors such as CforAT and The Utility Reform Network have repeatedly asserted that protecting vulnerable customers during the transition to TOU rates is a more important and potentially more challenging goal than retaining customers on TOU rates.

The Rate Choice Vision Metric, as set forth below, will measure progress toward the goal of ensuring that customers know how to respond to TOU rates and that customers know that other rate options are available. This Vision Metric examines customers' satisfaction with their rate, with special attention to making sure that the TOU rate offered, and the manner in which it is offered, is appealing to customers.

The Rate Choice Vision Metric is owned by the individual IOUs. As the service provider, the IOUs have the detailed information available to provide customers specific information on what rates are best for their lifestyle. The submetrics are particularly important for tracking this metric:

- Percentage of customers that are aware that they have rate choices;
- Percentage of customers that feel that they are on the "right rate" for them; and
- Percentage of customers that are satisfied on their rate (TOU or other).

Some customers will benefit from the default TOU rates even without changing their electricity use (structural benefiteurs). The remaining customers will need to shift some electricity use in order to benefit (in the form of a reduced bill) from the default TOU rate (structural non-benefiteurs). Some of the structural non-benefiteurs will, for various reasons, not be able to shift use sufficiently to avoid a significant bill increase. For default TOU to succeed, structural non-benefiteurs must understand what actions to take to mitigate bill impacts from TOU rates (or even benefit from TOU rates). If non-benefiting customers do not understand the new rate, and the actions that should be taken, default TOU will not achieve its goals. In addition, as noted throughout this decision, structural non-benefiteurs who are unable to shift load sufficiently, should be aware that the tiered rate is available as an alternative. To ensure that outreach to non-benefiting customers is sufficient and effective, the above submetrics should track the progress on understanding of rate choice of both non-benefiteurs and residential customers as a whole. This is a task best left to the IOUs who have the appropriate data on customers to determine their status as benefiteurs/neutral or non-benefiteurs and the ability to market directly to customers based on that data.

The Action Vision Metric is owned by both the statewide entity and the individual IOUs. All four entities will be assessed separately to the extent feasible. This Vision Metric examines whether individual Californians have taken action to reduce peak electricity use. This goal requires that the statewide entity encourage load-shift actions in a general way, while the specific IOU must ensure that its customers know the peak and off-peak periods so they may shift use accordingly. For example, the statewide campaign could emphasize the importance of shifting laundry use to off-peak periods, and the IOU campaign

would help customers identify off-peak periods. The Blueprint proposes the following high-level metric for tracking Action:

- Percentage of Californians that sustain at least one significant peak reduction action for 12 months after defaulting to the TOU rate.³⁴

Today's decision adopts the Engagement Vision Metric, the Rate Choice Vision Metric, and the Action Vision Metric to serve as the guiding vision for ME&O for residential rate reform at both the statewide and IOU territory level. The Blueprint Update, to be completed as Deliverable 1 of the Strategy and Content Development Work, should include revised metrics as necessary to be consistent with the Vision Metrics articulated in today's decision.

The Blueprint Update should benefit from the fact that DDB has already developed metrics for the EUC campaign. However, because the goal of the energy efficiency program is to generate leads to expand the market for products that reduce energy use, and the goal of rate reform is to change customer behavior so that customers decrease or shift load during peak use times, there will need to be additional metrics beyond the metrics developed for the existing EUC campaign. DDB should work with the ME&O Working Group to further refine and optimize the metrics for the statewide residential rate reform campaign.

In addition, we direct the ME&O Working Group and DDB to focus on metrics that distinguish between statewide and IOU efforts. The statewide campaign is premised on the need to build customer trust and engagement. But

³⁴ Three submetrics for Action are included in the Blueprint: Percentage of customers motivated to reduce peak load; Percentage of customers who indicate they will take peak load-reducing action; and Percentage of customers who cite significant load-reducing behaviors. (Blueprint Slide 63.)

if the statewide campaign is not effective, the task of the IOUs to build customer awareness and engagement will be much more difficult. Therefore, it is essential that some metrics be created specifically to distinguish between the effectiveness of the two campaigns and clarify the relationship between the two campaigns.

The next steps for the Vision Metrics will be for DDB, Energy Division, and the ME&O Working Group to finalize the metrics and determine how the metrics will be used (i.e., success criteria, tracking, trigger for re-evaluation).

4. Integration with EUC Campaign

In the EUC Proceeding, the Commission confirmed its vision for EUC as a statewide umbrella brand that is intended to reach “all Californians and encompasses all demand side programs and strategies, beyond simply energy efficiency, including ... the new rate tiers and time of use rates in R.12-06-013, the residential rate reform proceeding.”³⁵ The Commission emphasized that coordinating messaging across Commission programs and between the statewide and local levels would be central to enhancing the effectiveness of the statewide ME&O program.

The current governance structure of the EUC campaign is based on an integrated planning process that includes preparation of a five-year “ME&O Strategic Roadmap” (Five Year Roadmap) and annual “Joint Consumer Action Plan.”³⁶ On April 5, 2017, DDB submitted its 2017-2018 Joint Consumer Action Plan and its Five Year Roadmap, which guides the next five years of the statewide customer engagement campaign and the EUC brand’s marketing

³⁵ D.16-03-029 at 34-35.

³⁶ D.16-09-020 at 49.

efforts.³⁷ These documents identify the need for the EUC campaign to integrate or coordinate with particular programs, products, and services, and specifically identify residential rate reform and TOU as high-priority initiatives with which EUC will integrate.³⁸ In Resolution E-4871, which approved DDB's Five Year Roadmap and 2017-2018 Joint Consumer Action Plan, the Commission reiterated the importance of EUC promoting not just energy efficiency, but also load shifting in response to default TOU set to begin in 2019.³⁹

The Blueprint also emphasized the importance of coordinating messaging among the Commission's programs. The Blueprint contemplated that the EUC brand could play a larger role in the residential rate reform campaign. At the time the Blueprint was being prepared, the RFP process for the EUC implementer had not yet concluded. The Blueprint indicated that changes in how the EUC brand is managed may enable it to meet the criteria of the statewide messenger for residential rate reform.⁴⁰ These criteria include an entity that is neutral and free of affiliation with the IOUs, the Commission, commercial or industry associations, or specific programs. The statewide messenger should also be viewed as an additive partner with a "voice" strong enough to be heard and listened to by all Californians.

Since the preparation of the Blueprint, the Commission has chosen a new implementer for EUC and has updated the vision for the brand as a statewide

³⁷ The Five Year Roadmap was submitted in AL DDB-1. The 2017-2018 Joint Consumer Action Plan was submitted in AL DDB-2. AL DDB-1 and AL DDB-2 are available at: <http://www.cpuc.ca.gov/General.aspx?id=4138>.

³⁸ AL DDB-1 at 30 and 40-41; AL DDB-2 at 21.

³⁹ Resolution E-4871 at 7.

⁴⁰ Blueprint Slides 164 and 166.

umbrella brand that would reach all Californians and encompass all demand-side programs and strategies, beyond simply energy efficiency. Under these circumstances, the EUC brand is well-positioned to be the statewide messenger for the residential rate reform campaign.

As contemplated in the EUC Proceeding and the Blueprint, the residential rate reform campaign should be coordinated and integrated with the EUC campaign. The visions and goals for both the residential rate reform campaign and the EUC campaign focus on empowering customer choice and consumer decision making and serving as a “rallying cry.” Coordination and integration will allow for more efficient and effective messaging. In contrast, duplicative or unsynchronized messaging poses risks of confusing or even alienating customers.

5. Consultant for Statewide Residential Rate Reform ME&O

In the previous sections of this decision we determined that a statewide ME&O campaign is necessary. We adopted Vision Metrics to guide ME&O at both the statewide and IOU levels. And, we established the linkage between the existing EUC campaign and the residential rate reform campaign.

The next sections address the following questions: (1) Who should be hired? (2) What work should they perform? And (3), What is a reasonable estimate of the cost? Because these questions are interrelated, we have included a summary of the answers arrived at in this decision. A detailed analysis supporting those answers follows.

Summary of Approved Statewide ME&O:

Who	Scope of Work	Approved Budget
DDB	Strategy and Content Development Work ⁴¹	Up to \$31.7 million
To Be Determined through RFPs	Implementation and Evaluation Work ⁴²	To Be Determined through RFPs

5.1. Selecting an ME&O Consultant**5.1.1. Party Positions Regarding Hiring DDB**

The April 2017 Ruling asked parties to comment on the possibility of hiring DDB as the statewide rate reform ME&O consultant. Parties are generally supportive of DDB, but parties' support is tied to the scope of work and budget that are approved for DDB. Thus, party comments regarding DDB include more general concerns regarding the scope of work and budget.

PG&E expresses support for hiring DDB as a consultant on statewide rate reform ME&O. PG&E states that there are many parallels between DDB's EUC efforts and the tasks facing the ME&O Working Group. PG&E believes that it makes sense to leverage the substantial amount of time that the IOUs, other stakeholders, and DDB have invested in the EUC campaign.⁴³ PG&E notes, however, that there is an element of risk in trusting DDB with an even greater investment when they have yet to prove themselves.⁴⁴

⁴¹ See Appendix A.

⁴² See Appendix A.

⁴³ PG&E April 25, 2017 Comments at 1-2.

⁴⁴ *Id.* at 2.

SCE supports the IOUs contracting with DDB in a limited capacity for a planning phase and urges the Commission to authorize the IOUs to do so quickly because it believes the statewide residential rate reform ME&O initiatives are already behind schedule.⁴⁵ SCE points to DDB's experience with the EUC campaign and the need for expediency as providing solid rationale for awarding the contract to DDB.⁴⁶

SDG&E supports DDB as a statewide consultant if the need for a statewide campaign is established. SDG&E believes that DDB is a strong candidate to execute a statewide rate reform campaign from a strategic and creative messaging perspective.⁴⁷ SDG&E recognizes that there is an opportunity for a high-level, statewide message regarding TOU to be carried by the EUC campaign currently being implemented by DDB. SDG&E notes that DDB is already planning to include high-level messaging regarding TOU rates as part of their current work for the EUC campaign.⁴⁸ SDG&E's primary concern – that DDB not be engaged to both produce and evaluate the same deliverable – is addressed in the structure of the scope of work below.

ORA states that there are some benefits to selecting DDB as an implementer for statewide rate reform ME&O, including: avoiding duplicative effort and expenditures, preventing conflicting messages, minimizing customer confusion, and allowing for a more cohesive and effective campaign for both

⁴⁵ SCE April 25, 2017 Comments at 1.

⁴⁶ *Id.* at 2.

⁴⁷ SDG&E April 25, 2017 Comments at 2-3.

⁴⁸ *Id.* at 3-4.

residential rate reform and EUC.⁴⁹ However, ORA suggests that an RFP process would afford more assurance of selecting a qualified candidate at a reasonable cost.⁵⁰ ORA states that if the new scope of work for statewide rate reform ME&O cannot reasonably be considered incremental to DDB's current work, the Commission should consider whether an expansion of scope is appropriate in lieu of the RFP process.⁵¹

CforAT is generally supportive of hiring DDB to address statewide rate reform ME&O.⁵² CforAT states that retaining a single consultant to address statewide rate reform ME&O and other energy messaging offers considerable advantages in cost-effectiveness, coordination, and effectiveness of messaging.⁵³ CforAT also notes that DDB was selected as implementer of the EUC campaign after a competitive solicitation and extensive process that involved input from many stakeholders.⁵⁴ However, CforAT also expresses concerns about the effectiveness of DDB in reaching hard-to-reach populations.⁵⁵

CFC expresses support for consolidating ME&O efforts under one implementer.⁵⁶ However, CFC argues that if the plan and goals for statewide

⁴⁹ ORA April 25, 2017 Comments at 3-4.

⁵⁰ *Id.* at 4.

⁵¹ *Id.*

⁵² CforAT April 25, 2017 Comments at 2-5.

⁵³ *Id.* at 2.

⁵⁴ *Id.* at 3.

⁵⁵ *Id.* at 6.

⁵⁶ CFC April 25, 2017 Comments at 4.

energy efficiency ME&O and statewide residential rate reform ME&O are aligned, there is no reason to broaden DDB's current scope of work.⁵⁷

The CCA Parties support expanding the scope of DDB's work to include statewide residential rate reform ME&O strategy.⁵⁸ MCE, in particular, has had favorable interaction with DDB as an Energy Efficiency Program Administrator and believes there are benefits from having a single entity managing statewide ME&O efforts to seamlessly coordinate various energy campaigns.⁵⁹

5.1.2. Discussion of DDB

As discussed in the preceding section, the residential rate reform ME&O campaign should be coordinated and integrated with the EUC campaign. The EUC brand, as the statewide umbrella brand, should serve as the statewide messenger for residential rate reform. Given its role as implementer of the EUC program, there are unique advantages to hiring DDB as a consultant for the statewide rate reform ME&O campaign. DDB was selected as the implementer of EUC through an open and competitive solicitation that included input from many stakeholders and the Commission's Energy Division. Several parties note the favorable experience they have had with DDB as the EUC implementer.

The EUC campaign led by DDB continues to advance and the rollout of default TOU rates is set to begin in 2019 — leaving the Commission and the IOUs with limited time to develop and implement statewide residential rate reform ME&O. In order to be effective, the statewide messaging must be in the marketplace well before customers are defaulted. Assuming a January 2019

⁵⁷ *Id.* at 3.

⁵⁸ CCA Parties April 25, 2017 Comments at 2.

⁵⁹ *Id.*

launch date for default TOU, the Blueprint recommended that statewide messaging begin in June 2017.

Hiring DDB as a consultant for the statewide rate reform campaign offers an efficient approach that should yield significant time and cost savings and superior message alignment compared to other options. Under its current role, DDB is already tasked with a high-level statewide ME&O campaign aimed at empowering customer choice and consumer decision making regarding energy programs, services, and rates. DDB is also tasked with ensuring coordination between EUC and other energy programs adopted by the Commission. DDB's Five Year Roadmap, which was approved by the Commission, identifies residential rate reform and TOU as high-priority initiatives to be integrated under the EUC brand. In fact, DDB has already incorporated high-level messaging regarding TOU in the current EUC campaign.⁶⁰ Directly involving DDB in both statewide ME&O efforts allows for more effective messaging by ensuring that the campaigns are cohesive and complementary rather than conflicting or unnecessarily duplicative.

Engaging DDB for the residential rate reform ME&O campaign would also help to avoid duplicative efforts and expenditures, and would leverage the time and resources that the Commission, DDB, the IOUs, and other stakeholders have already expended on EUC. DDB has already performed the necessary ramp-up background work in familiarizing itself with the Commission, the IOUs, energy issues and the California electric power market, and California ratepayers.⁶¹ As

⁶⁰ *Administrative Law Judge's Ruling Inviting Comment on DDB's Workshop Presentation and Additional Budget Submission*, dated October 3, 2017, Attachment B at 11-12.

⁶¹ *See generally* AL DDB-1 and AL DDB-2.

noted by PG&E, the IOUs and stakeholders have already invested a substantial amount of time in educating DDB.⁶²

CFC argues that if the plan and goals for statewide energy efficiency ME&O and statewide residential rate reform ME&O are aligned, there is no reason to broaden DDB's current scope of work.⁶³

It is important to understand the distinction between the goals and needs (and therefore the scope of work and budget) of the energy efficiency campaign and the residential rate reform campaign. Although the visions and goals for both statewide campaigns focus on empowering customer choice and consumer decision making, the current EUC campaign does not fulfill the needs of a statewide residential rate reform ME&O campaign. The vision of the EUC campaign is to "serve as a lead generator for local and regional programs and drive consumers to directly take actions to reduce or manage energy use in other ways."⁶⁴ In contrast, the statewide residential rate reform campaign will encourage awareness and behavioral change. The vision for the residential rate reform campaign is to ensure that Californians feel a personal connection to electricity and are aware that the time of their energy use is important. A second primary goal of the residential rate reform campaign is to encourage all customers to take action to reduce peak load. As a result, although the foundational and branding aspects can be the same for both campaigns, much of the strategy, content, implementation and evaluation must be different.

⁶² PG&E April 25, 2017 Comments at 1-2.

⁶³ CFC April 25, 2017 Comments at 3.

⁶⁴ D.16-03-029 at 34.

All of the parties commenting recognize that there are advantages to engaging DDB for the statewide rate reform ME&O campaign and most are supportive of having a single implementer for the rate reform campaign and the EUC campaign. We find there are unique advantages in having a single contractor for both campaigns, including advantages in timing, alignment and effectiveness of messaging, and in the ability to leverage efforts and expenditures. Coordination and alignment are especially important since the new EUC campaign has already been launched and the Commission has identified residential rate reform as an issue to be integrated under the EUC brand. The expansion of DDB's role is consistent with the plan set forth in the EUC Proceeding and the Blueprint. Therefore, we find justification for expanding the scope of DDB's current contract to specifically include statewide residential rate reform ME&O for the transition to default TOU rates for electricity.

5.2. Scope of Work for Statewide ME&O

Based on party comments in response to the April 2017 Ruling, the July 2017 Ruling asked parties to comment on a proposal to divide the scope of work into two separate parts. The scope of work adopted in today's decision is essentially the same as the July 2017 Ruling:

Scope of Work

I. Strategy and Content Development Work:

- Deliverable 1: ME&O Blueprint Update.
- Deliverable 2 - content development, content testing, and creative design.
- Deliverable 3 - updates and maintenance.

II. Implementation and Evaluation Work:

- Specific deliverables will be based on the Blueprint Update.
- Specific evaluation requirements (such as the Vision Metrics) will be part of the Blueprint Update.

The decision approves DDB as the statewide consultant for the Content and Strategy Work but directs that two separate statewide consultants for the Implementation Work and Evaluation Work be hired through an RFP process. DDB may also participate in the RFP for the Implementation Work. Neither DDB nor the consultant selected for the Implementation Work may participate in the RFP for the Evaluation Work.

5.2.1. Party Positions

PG&E believes that hiring DDB to develop an “air cover” campaign for both EUC and statewide residential rate reform ME&O would make strategic sense.⁶⁵ PG&E proposes that the scope of DDB’s work should cover the design and implementation of a campaign to “inspire customers to think of electricity in a new light” and set a new customer relationship based on emotional involvement.⁶⁶ The scope of work would include support for the IOUs and working groups in the form of positioning, creative strategy, campaign development, and media strategies. PG&E opposes the hiring of DDB to consult on Energy Division administrative items.⁶⁷

⁶⁵ PG&E April 25, 2017 Comments at 3.

⁶⁶ *Id.* at 4.

⁶⁷ *Id.* As set forth in Section 8.2, the three IOUs have repeatedly been directed to hire an outside consultant to assist with the coordination and administrative tasks. The purpose of hiring this Coordinating Consultant is to reduce the administrative burden on Energy Division and to facilitate alignment of the four marketing campaigns and Working Group input.

SCE recommends a phased approach to engaging a consultant for statewide residential rate reform ME&O.⁶⁸ Under this approach, the IOUs would immediately contract with DDB in a limited capacity for a planning phase, which would include addressing key conclusions and open issues from the ME&O Blueprint. SCE believes it is more prudent to initially award DDB the planning phase, and then based on the outcome, to potentially expand DDB's contract scope, initiate formal RFPs, or consider other opportunities for subsequent implementation and evaluation phases.⁶⁹

SDG&E believes that the ME&O Working Group should collectively define the appropriate scope of work in advance of any award or RFP being issued.⁷⁰ At the same time, SDG&E states that it is supportive of hiring DDB in the role of a strategic consultant to help refine and propose direction around the ME&O recommendations in the Greenberg Blueprint, and to help the ME&O Working Group resolve outstanding issues and remove obstacles to activating rate reform ME&O. SDG&E states that DDB's scope of work for residential rate reform should be for strategy and high-level creative messaging only.⁷¹ SDG&E is opposed to DDB taking on an evaluative or management role. E.g., DDB should not review advice letters or quarterly reports on behalf of Energy Division.⁷²

ORA states that without a clear scope in place, it is difficult to determine what role DDB will have and whether this would be considered an extension to

⁶⁸ SCE April 25, 2017 Comments at 2-3.

⁶⁹ *Id.* at 3.

⁷⁰ SDG&E April 25, 2017 Comments at 3-4.

⁷¹ *Id.* at 2 and 4.

⁷² *Id.* at 3.

its work in the EUC campaign.⁷³ ORA recommends that the IOUs coordinate amongst themselves to prepare an informational report on what DDB's role should be if they are assigned as the implementer for statewide residential rate reform ME&O. The report would take into account that DDB is being assigned to this role as an extension to their existing role as EUC implementer. The report would then be presented to the ME&O Working Group for discussion and ultimately to inform a scope.⁷⁴

CFC believes that the IOUs and the statewide residential rate reform consultant should pursue an ME&O strategy that begins with a statewide ME&O effort that provides high-level, emotion-based messaging delivered by a non-IOU messenger that is followed by fact-based, rate-specific communications to be undertaken by the IOUs.⁷⁵ As mentioned above, CFC does not believe it is necessary to expand DDB's current scope of work.⁷⁶

The CCA parties emphasize that any statewide ME&O campaign should ensure that CCA customers are properly informed regarding the rollout of residential TOU rates.⁷⁷ The CCA parties note that there is potential for significant confusion given that CCA customers' rates for generation services are set by the CCA and rates for distribution and other services are set by the Commission. The CCA Parties suggest that one method that can help to

⁷³ ORA April 25, 2017 Comments at 3.

⁷⁴ *Id.*

⁷⁵ CFC April 25, 2017 Comments at 4.

⁷⁶ *Id.* at 3.

⁷⁷ CCA Parties April 25, 2017 Comments at 4.

minimize customer confusion is if the IOUs provide TOU bill comparisons to CCA customers.⁷⁸

5.2.2. Discussion of Scope of Work

PG&E AL 3783-G/4963-E, dated November 28, 2016, describes DDB's EUC role as follows:

DDB will (a) work with Commission staff to create and implement a Five-Year Marketing, Education, and Outreach Strategic Roadmap and Annual Joint Consumer Action Plan; (b) manage marketing/advertising campaigns; (c) organize and lead meetings with stakeholders (including regulatory staff, utilities, community choice aggregators, regional energy networks, public interest groups); (d) coordinate outreach efforts; (e) provide media planning, guidance, placements, analysis; and (f) monitor and evaluate the success of marketing tools, methods, and messages. DDB will use its in-house staff and subcontractors to do the above work, as detailed in the contract's statement of work. Materials could include printed marketing materials such as letters, brochures, postcards, pamphlets. DDB will also buy media from various media channels.

We agree with the parties that recommend that DDB's role for statewide residential rate reform ME&O should, for the most part, parallel its current role as implementer for EUC. DDB's required tasks for EUC are analogous to the tasks required to plan and implement a statewide rate reform ME&O strategy as described in the Blueprint.⁷⁹

⁷⁸ *Id.* at 4-5.

⁷⁹ Blueprint Slides 162-163.

Based on SCE's comments, the July 2017 Ruling set forth a statement of work for a phased approach to engaging consultants for statewide rate reform ME&O.⁸⁰ Taking into account comments on that ruling, the September workshop, and comments on the DDB Budget, we adopt a modified version of the approach set forth in the ruling. This approach will allow us to quickly bring DDB on board for the immediate needs of strategy and content development.

The ME&O Blueprint Update (Deliverable 1 of the Strategy and Content Development Work) must address new requirements, changed circumstances, and a budget for completion of the strategy and development work. The specific requirements include:

- (1) Rolling transition to default TOU;
- (2) Coordination with current EUC campaign;
- (3) Input from the ME&O Working Group and Energy Division Staff;
- (4) Sufficient detail for an RFP to be issued for the Implementation and Evaluation Work no later than April 16, 2018; and
- (5) Specific strategies to effectively target hard-to-reach customers.

Upon completion of the Blueprint Update, a final budget and scope of work will be determined for the Implementation and Evaluation Work and a competitive solicitation or other procedures would be employed to engage consultant for this work. The Implementation and Evaluation Work includes paid media implementation and alternative outreach efforts.

We adopt the scope of work set forth in the July 2017 Ruling, as modified above. This approach will allow for execution of the needed statewide

⁸⁰ Attachment A to *Administrative Law Judge's Ruling Seeking Additional Comment on Statewide Marketing, Education, and Outreach*, dated July 20, 2017.

residential rate reform ME&O strategy, which is coordinated and aligned with the EUC campaign, while providing the best value for ratepayers. The advantages to engaging DDB immediately as the consultant for the Strategy and Content Development Work are numerous: this work needs to begin immediately; DDB is already engaged for the EUC campaign and is tasked with coordinating outreach; DDB has already participated in a workshop and met with the ME&O Working Group; and it is extremely difficult to evaluate the scope and cost of the Implementation and Evaluation Work without a Blueprint Update. The need to engage consultants for the Implementation and Evaluation Work is less immediate and would benefit from having a Blueprint Update. The Implementation and Evaluation Work primarily consists of the contractor creating a cost-effective paid media strategy and managing all paid media. As described below, it is anticipated that this work will constitute the bulk of the budget for the statewide campaign. We find that requiring RFPs for the Implementation and Evaluation Work will ensure the best value to ratepayers.

The Joint IOUs propose that in place of the scope of work outlined for Deliverable 1, DDB convene meetings of the ME&O Working Group to gain agreement on an updated goal for the statewide campaign and provide an updated campaign strategy after these discussions.⁸¹ Several other parties also suggest that the ME&O Working Group should meet to discuss plans and establish the scope and budget. We agree that the ME&O Working Group should continue to have a role, however, the ME&O Working Group has not reached consensus on many of these issues after two years of discussion. The

⁸¹ Joint IOU Comments to October 3, 2017 Ruling at 8.

ME&O Working Group is a valuable forum for collaborative discussions and development of plans, but given the timing for default TOU rates ordered in D.15-07-001, it is necessary to proceed with an ME&O strategy and decisions must be made using the Blueprint – which was created with the input of the ME&O Working Group – as a foundation. The adopted scope of work already contemplates that there will be modifications and refinements to the Blueprint strategy and that the ME&O Working Group will be involved in this process. We remind the ME&O Working Group that it must work diligently to fulfill its role advising on statewide ME&O issues, including evaluation of the effectiveness of statewide ME&O efforts. However, the statewide campaign should be guided by the vision we adopt in today’s decision and consultation with ME&O Working Group must not unnecessarily delay the campaign.

5.3. Statewide ME&O Budget

5.3.1. Party Positions on Overall Statewide Budget

PG&E notes that Greenberg recommended a budget for a statewide campaign of \$126 million for mid-2017 through the 2019 rollout of default TOU rates. PG&E believes that a significantly lower budget for a statewide residential rate reform campaign would be effective.⁸² PG&E recommends working with DDB or another advertising agency or media consultant to develop an appropriate budget based on campaign goals.⁸³

SCE notes that it is difficult to provide a budget projection in the absence of a final strategic plan. However, SCE notes that in AL 3500-E-A, it

⁸² PG&E April 25, 2017 Comments at 4-5.

⁸³ *Id.*

recommended a total four-year budget of nearly \$30 million for a regional “air cover” campaign in its service territory.⁸⁴

SDG&E states that a firm budget cannot be determined until objectives are established and approaches identified.⁸⁵ SDG&E believes that any budget for statewide ME&O should be incremental to what has been requested and approved through the rate reform ME&O advice letters for the IOU-specific outreach. In addition, the budget should leverage DDB’s current scope of work for EUC.⁸⁶

ORA is concerned that a budget such as the one proposed by Greenberg, at over \$360 million, would not yield enough benefits to justify such a large expense.⁸⁷ ORA also notes the challenge of assessing an appropriate budget in the absence of a full RFP process. ORA proposes that if time constraints make a full RFP infeasible, the Commission and/or the IOUs conduct a market survey, which would provide a basis for a formal scope and budget.⁸⁸

The CCA parties state that the budget for residential rate reform ME&O should be allocated in a manner that reflects the fact that TOU rates are almost exclusively related to generation costs.⁸⁹ The CCA parties argue that it is not fair or reasonable to allocate the entirety of these costs to the distribution function.⁹⁰

⁸⁴ SCE April 25, 2017 Comments at 3.

⁸⁵ SDG&E April 25, 2017 Comments at 5.

⁸⁶ *Id.*

⁸⁷ ORA April 25, 2017 Comments at 3.

⁸⁸ *Id.* at 4-5.

⁸⁹ CCA Parties April 25, 2017 Comments at 5.

⁹⁰ *Id.*

5.3.2. Party Positions on DDB's Budget Submissions

DDB submitted a cost estimate of \$31.7 million for the Strategy and Content Development Work. This cost estimate is based on the following assumptions: an approximate \$100 million media spend over two years for the Implementation and Evaluation Work, project commencement date of October 2017, statewide residential rate reform ME&O campaign launch in Q2 2018 to conclude in October 2019, and delivery of a highly effective, multi-channel campaign to all Californians. DDB states that the budget requirements are subject to change depending on the final strategic and creative deliverables.

The Joint IOUs argue that there is inadequate information to support the reasonableness of the items in DDB's budget.⁹¹ The Joint IOUs believe that it is premature to develop and approve budgets for all three deliverables of the Strategy and Content Development Work. Rather, the Joint IOUs recommend that the Strategy and Content Development Work planning process be further broken into two separate stages.⁹² Under this proposal, DDB would provide an updated campaign strategy after consulting with the ME&O Working Group and reviewing relevant portions of the Blueprint. Deliverables 2 (content development, content testing, and creative design) and 3 (updates and maintenance) would be discussed after the updated campaign strategy has been completed and agreed upon.

ORA and CforAT also argue that there is inadequate justification for DDB's budget submission.⁹³ Both parties recommend that the Commission

⁹¹ Joint IOU October 10, 2017 Comments at 4.

⁹² *Id.* at 8.

⁹³ ORA October 10, 2017 Comments at 3-4; CforAT October 10, 2017 Comments at 5-6.

authorize a smaller budget to allow DDB to participate in the development of a more detailed plan for statewide residential rate reform ME&O.⁹⁴

CforAT also argues that DDB's budget submission contains inadequate information regarding DDB's planned efforts and expenditures to conduct effective outreach to hard-to-reach populations.⁹⁵ CforAT notes that its organization was improperly identified in DDB's budget as a potential subcontractor to work with DDB on the statewide campaign. CforAT approves of DDB's intent to work with other parties and organizations to explore effective channels to reach out to various constituencies but is wary of the extent to which this goal has been developed and conceptualized given the mistaken inclusion of its organization in DDB's proposal.

5.3.3. Discussion of the Budget

The Blueprint includes a rough budget for 2017 – 2019 for almost all aspects of the strategy and plan contained in the Blueprint.⁹⁶ The cost categories accounted for include mass media, direct marketing, public relations (PR), research and evaluation, and marketing and professional services.

The Blueprint's budget for statewide mass media is approximately \$126 million over three years (2017, 2018, 2019).⁹⁷ The mass media budget is based on targeting "all Californians" and reaching 85 – 90% of customers at least 10 times per 4-week period from 2017 – 2019, which are the necessary levels of

⁹⁴ ORA October 10, 2017 Comments at 5-6; CforAT October 10, 2017 Comments at 6.

⁹⁵ CforAT August 3, 2017 Comments at 1; CforAT October 10, 2017 Comments at 1.

⁹⁶ None of the budgets include 2020. We expect that customer engagement needs resulting from TOU rollout will continue into early 2020.

⁹⁷ Blueprint Slide 278. The mass media budget does not include production costs or agency and creative fees.

reach and frequency as determined by the ME&O Working Group.⁹⁸ The mass media budget will require adjustment should final rate decisions and/or other unforeseen market conditions change.⁹⁹ Variables that could impact the final budget include the reach and frequency, the media mix, timing of messaging, and negotiating media costs. The Blueprint also states that savings of 10 – 30% on proposed budgets could be generated depending on vendor relationships and aggregate buying.¹⁰⁰

In addition to statewide mass media, the Blueprint has budgets for:

- IOU mass media costs of \$75 million.¹⁰¹
- Direct marketing (\$13 million in 2017 and a total of \$133 million over three years) allocated entirely to IOUs.¹⁰²
- PR costs of \$300,000 for 2017-2019 allocated to the IOUs.¹⁰³
- \$2.4 million for statewide research and evaluation costs, including market movement and default pulse surveys and IOU tracking study for 2017-2019, with an additional \$1.8 million for local/IOU costs.¹⁰⁴
- Statewide professional services (Customer Experience Leadership Team) \$18 million (over three years) plus IOU costs of \$7.7 million.¹⁰⁵

⁹⁸ Blueprint Slides 278, 739, 759.

⁹⁹ Blueprint Slide 219.

¹⁰⁰ Blueprint Slide 276.

¹⁰¹ Blueprint Slide 278. All costs for local/IOU ME&O will be determined in the IOUs' ME&O advice letters.

¹⁰² Blueprint Slide 280.

¹⁰³ Blueprint Slide 281.

¹⁰⁴ Blueprint Slide 582.

¹⁰⁵ Blueprint Slide 586.

The Blueprint's total budget for statewide and IOU ME&O for 2017-2019 totals \$364 million (includes mass media, direct marketing, PR, governance, and research).¹⁰⁶

This budget may require adjustment for several reasons. First, Greenberg saw the goal as maximizing enrollment in TOU and minimizing the number of customers opting-out. The actual goal required by D.15-07-001 is more complex: the customer must be on the right rate for the customer. This means that customer outreach must not only encourage load shift and load reduction, but it must also ensure that customers who cannot shift enough load are aware of the tiered rate option and that customers who can shift load more easily are aware of the more complex TOU rate options.

Moreover, as acknowledged by the Blueprint, there are many variables impacting the budget that have yet to be determined. Many of the assumptions relied on in the Blueprint will require adjustment. For example, Greenberg's budget assumes a "big bang" default TOU launch date of January 2019 in which the IOUs would migrate all customers to TOU rates at the same time. As confirmed in today's decision, the IOUs are authorized to propose a "rolling" migration approach in which customers are migrated to TOU rates in a series of waves rather than at the same time.¹⁰⁷ Therefore, Greenberg's assumptions regarding the timing of the campaign will require adjustment. As noted by the Joint IOUs, changes to statewide strategy may also be warranted due to the Commission's decision in D.17-09-036 to exclude CARE/FERA-eligible

¹⁰⁶ Blueprint Slide 588.

¹⁰⁷ The IOUs will make their migration proposals in their 2018 rate design window applications.

customers in the IOUs' hot climate zones from the default TOU pilots.¹⁰⁸

Refinement of the statewide strategy may also result in changes to the desired level of reach and frequency, as well as to the media mix and outreach methods.

We anticipate that there will be updates to the statewide campaign and strategy set forth in the Blueprint, which will impact the budget. Nonetheless, we find that the budget set forth in the Blueprint provides a useful reference point for a statewide campaign that seeks to build customer trust and engagement. The Blueprint estimates a statewide mass media budget of \$126 million over a three-year period. This estimate does not include production costs, agency and creative fees, or PR costs for a statewide campaign. Including the production and creative costs alone could add an additional 10-20% of media costs to the total budget.¹⁰⁹

DDB's current cost estimate for the Strategy and Content Development Work is approximately \$31.7 million, which covers strategy updates and content creation and testing based on an assumed media spend of approximately \$100 million over two years. DDB's budget factors in costs for content development and production; agency and creative fees; the development and implementation of a PR plan; as well as ongoing updates to the Blueprint, creative content, and PR plan. DDB states that the budget requirements may change once the strategic and creative deliverables are confirmed. Although we expect refinements to the budget, given the goals we seek to achieve through the statewide residential rate reform ME&O campaign and the budget estimate provided in the Blueprint, we find DDB's preliminary budget to be within the

¹⁰⁸ Joint IOU October 10, 2017 Comments at 2.

¹⁰⁹ Blueprint Slide 573.

range of what would constitute a reasonable budget in order to successfully execute a statewide campaign of this scope and magnitude.

With the exception of SCE, which noted that it had recommended a total four-year budget of nearly \$30 million for a regional “air cover” campaign in its service territory, no other parties have submitted a recommendation for an appropriate budget for statewide residential rate reform ME&O. Other parties raise concerns that the Greenberg budget is too high but do not provide any benchmarks or other insight as to what would be a reasonable budget to accomplish the objectives of the statewide campaign.

The Blueprint warns of the risks of underspending.¹¹⁰ If the budget is too low, the objectives will not be accomplished, and the money that is spent will not make an impact. For example, if the research says consumers must be exposed to the message 10 times per month to achieve the goals of understanding, engagement, and behavior change, providing a budget that achieves an average frequency of only 7 times per month is likely to achieve very little as the vast majority of customers will not be exposed the requisite 10 times per month.

Based on the foregoing, we authorize DDB’s budget of \$31.7 million for the deliverables for the Strategy and Content Development Work. A final budget for the Implementation and Evaluation Work will be determined after the Blueprint Update is complete. The Joint IOUs, ORA, and CforAT recommend that the Commission initially authorize a smaller budget for an updated campaign strategy for statewide residential rate reform ME&O,¹¹¹ which is essentially the

¹¹⁰ See Blueprint Slides 21 and 481.

¹¹¹ Joint IOU October 10, 2017 Comments at 8; ORA October 10, 2017 Comments at 5-6; CforAT October 10, 2017 Comments at 6.

scope of work for Deliverable 1 (Blueprint Update) of the Strategy and Content Development Work. We do not believe it is beneficial or necessary to break the Strategy and Content Development Work into smaller pieces. Given the short time remaining before the transition to default TOU rates, time is of the essence and further separating the tasks will have a negative impact on the effectiveness of any ME&O campaign. We expect that once DDB completes the Blueprint Update, there will be refinements to the budgets for the remaining deliverables of the Strategy and Content Development Work, as well as for the Implementation and Evaluation Work.

We anticipate that DDB should be able to achieve the Commission's goals with a smaller budget than the Blueprint contemplated because it will have the Blueprint, the underlying consumer research including focus groups conducted by Greenberg, and the additional design-thinking research conducted by individual utilities to better understand customers' general concerns about rates and how they would design rates and adapt to TOU rates. This research includes the IOU ME&O tracking study, Bill Comparison test-and-learn research, and a set of in-depth qualitative focus groups on rate design with customers. Moreover, we expect DDB to leverage its research and learnings from the EUC campaign.

Appendix L of the Blueprint contains a detailed Media Plan and Budget. DDB will need to update the Media Plan and Budget based on the goals and objectives set forth in the scope of work for the Blueprint Update (Deliverable 1 of the Strategy and Content Development Work). The final Media Plan and Budget should be developed by DDB working with the ME&O Working Group and should be submitted to the Energy Division in a Tier 1 advice letter filing. The final Media Plan and Budget should include workpapers and identify

specific areas of cost savings resulting from retaining DDB as both the EUC implementer and as the consultant for Strategy and Content Development Work for residential rate reform.

CforAT has identified a problem in DDB's budget submission. DDB's budget submission identifies potential subcontractors tasked with community engagement for the statewide campaign and erroneously includes CforAT as such a subcontractor. CforAT sees the need for DDB to increase its research in this area and improve its identification of potential subcontractors. Pursuant to the scope of work for the Blueprint Update, DDB will need to consider strategies for outreach to diverse and hard-to-reach populations, including grassroots community outreach tactics. In refining these strategies, DDB should correct the errors in its preliminary budget submission identified by CforAT.

Expenditures for the statewide ME&O campaign shall be allocated per IOU as follows: PG&E 45%, SCE 43%, and SDG&E 12%.¹¹² Consistent with D.15-07-001, the IOUs shall track expenditures for statewide residential rate reform ME&O in their respective Residential Rate Reform Memorandum Accounts.

6. Governance

The Blueprint contains a lengthy description of a potential new governance model for customer engagement. This model includes marketing experts and professional administration and management for a total staff of 16.¹¹³

¹¹² Blueprint Slide 280 and 281.

¹¹³ Blueprint Slides 584-585.

The Blueprint budget for governance and professional administration for the statewide campaign was estimated to be \$18 million.¹¹⁴

Overall, we do not believe that such a large staff is necessary or appropriate. In addition, the Blueprint contemplates significant roles and responsibilities for members of the ME&O Working Group. Parties have already made it clear that it is challenging to participate fully in the ME&O Working Group given the many other matters pending in this and other proceedings. The Blueprint does not include an estimate for intervenor compensation that could be awarded to intervenors who participate substantially.

We agree with the Blueprint that there should be a professional group facilitator responsible for managing the agenda and a process facilitator responsible for ensuring adequate feedback at working group meetings.¹¹⁵ These roles are to be fulfilled by the Coordinating ME&O Consultant (see Section 8.2 below).

DDB's contract for EUC already includes an appropriate governance structure that can be applied to statewide rate reform.¹¹⁶ The governance structure for statewide ME&O under EUC was established in D.13-12-038 and affirmed in D.16-03-029. These decisions incorporate a 'RASCI' model (Responsible, Accountable, Supportive, Consulted, Informed), which allows for input from various groups and can be applied in a similar manner to the rate reform work.

¹¹⁴ Blueprint Slide 586.

¹¹⁵ Blueprint Slide 458.

¹¹⁶ In D.16-09-020, the Commission provided specific guidance for the EUC governance structure. (D.16-09-020 at 48-55.)

Role	Entity	Description of Role
Responsible	Statewide Consultant(s) for Residential Rate Reform	Charged with delivering the successful outcome (Vision Metrics 1 & 3); leads, coordinates, implements; can delegate to others as supportive
Accountable	Commission, with support of coordinating consultant	Authority who assigns and approves deliverables and metrics
Supportive	IOUs, Community Choice Aggregators (CCAs)	Those who provide resources and play a supporting role in implementation or outcome and deem its success; those charged with delivering parallel outcomes (Vision Metric 2)
Consulted	Non-IOU/CCA ME&O Working Group members	Those whose opinions are sought for input and/or buy-in; those with whom there is two-way communication
Informed	Public	Those kept up to date and with whom there is one way communication

Supportive parties, namely the IOUs and CCAs who will be administering default TOU, have a responsibility to share comprehensive marketing calendars with the statewide consultant, just as the statewide consultant has the responsibility to share calendars and marketing progress with the “program administrators.” The statewide consultant will be responsible for integrating information it receives from the “program administrators” into a single marketing calendar for rate reform to be presented at quarterly Working Group meetings. The statewide consultant will also be responsible for ensuring there are no duplicative efforts between the statewide campaign and local campaigns with Community-Based Organizations (CBOs).

Similar to EUC, expenses and collateral for the statewide rate reform campaign will continue to be reviewed and approved by the Commission. Rate

reform-related tasks will be included in the EUC “Joint Consumer Action Plans”¹¹⁷ going forward. The updated Blueprint from Deliverable 1 of the Strategy and Content Development Work will take the place of the “rate reform strategic plan” in the EUC ME&O Strategic Plan.¹¹⁸

The ME&O Working Group has an important role to play in the future of rate reform ME&O; particularly in metric development for both statewide and IOU campaigns. Since there are somewhat different tasks facing the ME&O Working Group than the EUC stakeholder group, the ME&O Working Group should meet at least quarterly but not in conjunction with the EUC stakeholder group. With the help of the Coordinating ME&O Consultant, the ME&O Working Group will meet to set targets for metrics established for the IOUs in their respective marketing plans and for yet-to-be-determined metrics for the statewide campaign. The ME&O Working Group will also meet to determine a process for reviewing progress toward these targets on a yearly basis.

7. Next Steps

In its budget submission, DDB requests that it be retained as the consultant for the Strategy and Content Development Work through an expansion of DDB’s existing statewide ME&O contract (EUC contract) with PG&E. Once the Commission has approved DDB’s budget and role as the contractor for the Strategy and Content Development Work, PG&E would proceed to amend the EUC contract with DDB to include the Strategy and Content Development Work. Based on past experience, PG&E estimates that the contract amendment process would take three weeks and requests authority to submit an advice letter with

¹¹⁷ D.16-03-029 at 67.

¹¹⁸ D.16-03-029 at 66.

the contract amendment to the Energy Division within 30 days after the Commission decision appointing DDB.

We authorize PG&E to amend the EUC contract with DDB to include the scope of work and budget for the Strategy and Content Development Work for residential rate reform ME&O. Within 30 days of the issuance of this decision, PG&E shall submit the contract amendment to the Commission's Energy Division in a Tier 1 advice letter.

Pursuant to the schedule set forth in the scope of work for the Strategy and Content Development Work, Deliverable 1, DDB shall proceed with preparation of the ME&O Blueprint update consistent with the direction provided in this decision and in collaboration with the EUC administrative staff and the rate reform ME&O Working Group. DDB shall submit the Blueprint Update to the Energy Division in a Tier 1 advice letter.

Upon completion of the Blueprint Update, the IOUs shall issue competitive RFPs to award contracts for the Implementation Work and the Evaluation Work based on the updated Blueprint and the scope of work found in Appendix A to this decision. The IOUs shall consult with Energy Division and the ME&O Working Group in selecting consultants for this work.

The IOUs are also directed to work with Energy Division staff and the ME&O Working Group to promptly complete the hiring of the Coordinating ME&O Consultant.

8. Affirmation of Prior Rulings

8.1. Rolling vs. Big Bang

Today's decision confirms the Assigned Commissioner and Administrative Law Judge's Ruling Amending Scoping Memorandum and Ruling, issued on January 23, 2017, authorizing the IOUs to use a phased (aka

rolling) approach to transitioning customers to a default TOU rate in waves over a period of at least several months. An alternative approach, known as the “big bang” approach, would have migrated all eligible customers at the same time. Although Greenberg advocated and proposed a “big bang” approach in the Blueprint, such an approach is not realistic or practical.

The IOUs have already begun planning the detailed logistics of migrating a large number of customers to a new default rate. Because of the burden a large migration will have on their billing systems and customer service resources, the IOUs recommend that the migration be done in waves rather than simultaneously for all customers. The Commission agrees that the rolling approach will better support customer acceptance (because of the reduced burden to customer service call centers) and IOU operations. The Commission will review the IOUs’ proposals for transitioning customers in their respective 2018 rate design window applications.

8.2. Coordinating ME&O Consultant

The IOUs have been repeatedly directed to hire a consultant for the purpose of coordinating logistics between the IOUs, Commission, parties, and any marketing consultants working on residential rate reform ME&O. The duties of this Coordinating ME&O Consultant would be primarily administrative, including scheduling and facilitating working group meetings, obtaining and organizing information, interfacing with the various stakeholders to the ME&O process, organizing and publicizing the presentations required by D.15-07-001 (including the Residential Electric Rate Summits), and other tasks as directed by the Energy Division. For example, the Coordinating ME&O Consultant may be tasked with identifying and recruiting experts to assist with evaluating the effectiveness of ME&O from a behavioral change perspective. The

Coordinating Consultant may also assist Commission staff in their review of ME&O effectiveness. Because the original direction to the IOUs to hire the Coordinating ME&O Consultant was made many months ago, it is necessary to set a deadline. Therefore, the IOUs are directed to complete this process no later than January 31, 2018. In light of timing considerations, the IOUs are authorized to use a targeted RFP process to engage this consultant.

8.3. Participation in ME&O Working Groups

As discussed at length above, the ME&O Working Group established by D.15-07-001 is an essential part of the development of the ME&O plans for residential rate reform. The ME&O Working Group provides an opportunity for parties to discuss and learn about ME&O. Litigating the specifics of an ME&O plan would not be useful. The statewide aspect of the ME&O campaign means that parties in this proceeding also need to monitor and participate in working groups for other outreach proceedings. Specifically, the EUC proceeding has had many workshops and working groups. To the extent that intervenors in R.12-06-013 are not a party to those proceedings, it is appropriate for them to seek intervenor compensation for monitoring and participation in the ME&O proceedings. Such activities are eligible for compensation if they contribute to decisions made in R.12-06-013. If, on the other hand, the intervenor is a party in both R.12-06-013 and the other ME&O-related proceeding, then the intervenor should seek compensation for their work in each proceeding separately. State law prohibits compensating an intervenor twice for the same work.

9. Comments on Proposed Decision

The proposed decision (PD) of the ALJs in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and

Procedure. Comments were filed on December 4, 2017 by the Joint IOUs, ORA, CFC, the Utility Consumers' Action Network (UCAN), and jointly by CforAT and the Greenlining Institute (Greenlining). Reply comments were filed on December 11, 2017 by the Joint IOUs, ORA, CFC, UCAN, and CforAT/Greenlining.

The Joint IOUs, CFC, and CforAT/Greenlining raise concerns regarding using the same consultant for implementation and evaluation and argue that separate consultants should be engaged for this work. UCAN and ORA also support using separate consultants for implementation and evaluation work. We agree that a consultant tasked with a deliverable should not also be tasked with evaluation of that deliverable. Therefore, the PD has been modified to require a separate consultant for the evaluation work. Neither DDB nor the consultant selected for the implementation work shall be permitted to participate in the RFP for the evaluation work.

The Joint IOUs request that the Commission defer consideration of a budget for Deliverable 3 of the Strategy and Content Development Work until the Blueprint Update is complete. ORA and CforAT/Greenlining are supportive of this proposal. We do not find that any modifications to the PD are warranted with respect to this issue. The PD authorizes a budget of up to \$31.7 million for the Strategy and Content Development Work but determines that the budgets for Deliverables 2 and 3 shall be confirmed upon completion of the Blueprint Update, which will be submitted by DDB via advice letter. As explained in the PD, DDB must provide adequate justification for this budget, including workpapers and identification of specific areas of cost savings and other efficiencies resulting from having a single implementer for statewide rate reform and EUC. Moreover, the Joint IOUs and other stakeholders will have the

opportunity to comment on DDB's advice letter filing. Because the scope of work and budgets for Deliverables 2 and 3 are subject to changes based on the Blueprint Update, we authorize PG&E to make any necessary amendments to the EUC contract to conform to the Blueprint Update. These amendments may be submitted via a Tier 1 advice letter filing.

The Joint IOUs request that the PD be modified to include a requirement for DDB and the ME&O Working Group to agree to a set of key performance indicators (KPIs) that will be used to track and evaluate DDB's performance under the amended EUC contract. The agreed upon KPIs would be included in PG&E's Tier 1 advice letter filing and would be used to hold DDB accountable for the efficient use of ratepayer dollars. The amended contract would specify that the IOUs, at the direction of Energy Division, are entitled to withhold funds from DDB if it fails to achieve these performance metrics. Based on concerns regarding the total ME&O budgets and the efficacy of prior ME&O efforts, ORA similarly recommends that consultant contracts should include metrics to ensure accountability and effective spending. The IOUs' proposal to include KPIs in the amended contract is also supported by UCAN and CforAT/Greenlining. KPIs and metrics are required under the EUC contract. We agree that KPIs should also be used to track and evaluate DDB's performance for statewide rate reform ME&O and the PD has been modified to require KPIs for this work. Moreover, upon request, DDB shall provide status updates to the Commission and to individual Commissioners.

The Joint IOUs request that the statement of work be modified to make integration of the residential rate reform and EUC campaigns part of the work for DDB's contract. Consistent with language in the PD, the scope of work has

been modified to make clear that integration of the two campaigns is within the scope of work.

In response to the Joint IOUs' comments, the PD has also been modified to clarify that the EUC governance structure will apply to the statewide rate reform campaign.

The Joint IOUs comment that a targeted competitive solicitation for a Coordinating ME&O Consultant, focused on approximately three-to-five qualified candidates, is necessary if the Joint IOUs are to meet the PD's deadline for selecting a successful candidate by January 31, 2018. CFC is supportive of the Joint IOUs' proposal. In light of timing considerations, we agree that a targeted competitive solicitation is reasonable and modify the PD to authorize a targeted competitive solicitation.

CforAT/Greenlining reiterate concerns previously expressed by CforAT that DDB has failed to provide any accurate information or meaningful strategies for how to reach out to hard-to-reach customers. CforAT/Greenlining request that the PD be modified to describe their concerns regarding DDB's outreach to hard-to-reach customers with greater specificity and to provide greater oversight of this particular aspect of the contract expansion. The scope of work for the Blueprint Update specifically includes refining strategies for outreach to diverse and hard-to-reach populations. We modify the PD to emphasize this point. We emphasize that the Blueprint Update should include a well-thought-out and robust strategy for coordinating with and leveraging the experiences of CBOs in reaching hard-to-reach residential customers.¹¹⁹ DDB's preliminary budget

¹¹⁹ The Blueprint states that hard-to-reach customers may require more targeted outreach efforts and specifically notes that CBOs can be deployed in areas with hard-to-reach customers

Footnote continued on next page

allocated approximately \$2 million to CBOs and CforAT identified at least three organizations that should not have been included as subcontractors. DDB should revisit the CBO list and strategy and ensure it has identified the appropriate CBOs that will be most the most effective in aiding outreach to hard-to-reach residential customers and budget accordingly. This effort should include input from the ME&O Working Group and current CBOs, including input from and coordination with existing CBO networks such as CHANGES.¹²⁰ As recommended by CforAT/Greenlining, we require DDB to report on these efforts when submitting the Blueprint Update.

ORA recommends that the PD be modified to include TOU rate retention as a sub-metric under the Rate Choice Vision Metric. Rate satisfaction for all customers (including TOU customers) is already incorporated as a sub-metric under the Rate Choice Vision Metric. However, as detailed in the PD, rather than maximizing enrollment on TOU, it is essential that customers know how to respond to TOU rates and are aware of their rate choices. The Rate Choice Vision Metric and submetrics are intended to track progress toward these goals. Awareness of ways to respond to TOU rates and of other rate options are particularly important with respect to the customers that will be structural non-benefiters under TOU rates. The PD has been modified to clarify our rationale regarding the Rate Choice Vision Metric.

to assist with outreach efforts. (Blueprint at Section 4.5.) In particular, the Blueprint notes that a number of communities in the Central Valley have a convergence of high-need factors. (Blueprint Slide 411.)

¹²⁰ CHANGES or Community Help and Awareness of Natural Gas and Electricity Services is a state program that provides outreach, education, and bill issue assistance on natural gas and electricity bills and services to limited English proficient consumers through a statewide network of CBOs.

CFC recommends that the PD include a high level, upper limit figure for TOU ME&O based on calculated, expected benefits. The Joint IOUs state that CFC's recommended approach is infeasible given the inherent difficulty involved in trying to calculate expected benefits. CFC does not propose a figure that would be reasonable and we do not find a basis for adopting an overall budget at this time.

UCAN raises concerns regarding the coordination between the statewide ME&O and utility-specific ME&O campaigns and proposes that an alternative to the two-track approach might be for principles, guidelines, and key message points to be developed at the statewide level with actual communication and customer contact being provided by the local utilities. As explained in the PD, it is necessary for certain messaging to be delivered by a neutral statewide messenger whereas some information would need to be provided by the IOU. We note that the work of the statewide consultant includes coordination and integration of strategies across all partner channels, including IOUs and CBOs.

In addition to the modifications listed above, editorial changes have been made to the PD to improve its clarity and correct minor errors.

10. Assignment of Proceeding

Michael Picker is the assigned Commissioner and Sophia J. Park, Jeanne M. McKinney, and S. Pat Tsen are the assigned ALJs in this proceeding.

Findings of Fact

1. D.15-07-001 set forth steps to transition California's default residential rate structure from tiered, non-time-varying rates to TOU rates starting in 2019.
2. Effective ME&O is essential to the success of residential rate reform and the introduction of default TOU rates.

3. There are many barriers to an effective residential rate reform ME&O campaign.

4. Residential customers have low engagement with energy issues.

5. The Blueprint proposes a two-track strategy to engage customers on energy issues: one track at the statewide level that is high-level, emotion-based, and will provide necessary context; and the other track at the IOU level that will focus on fact-based, rate-specific, personalized messages and education.

6. A statewide campaign is needed to provide the foundational message that will prepare customers for the local IOU messaging.

7. Research shows that the IOUs do not have the needed relationship to convey the statewide message and that a neutral messenger is needed.

8. Parties have not offered any alternatives to a statewide campaign that would address customers' low engagement with energy issues.

9. Vision Metrics are needed to align and guide TOU ME&O toward a common objective.

10. In D.16-03-029, the Commission confirmed its vision for EUC as a statewide umbrella brand that is intended to reach all Californians and encompass all demand side programs and strategies, including the new rate tiers and TOU rates in R.12-06-013.

11. The five-year ME&O Strategic Roadmap and 2017-2018 Joint Consumer Action Plan for EUC identify residential rate reform and TOU as high priority initiatives with which EUC will need to integrate.

12. It is necessary for the residential rate reform ME&O campaign to be coordinated and integrated with the EUC campaign.

13. The goals of the EUC campaign significantly overlap with the goals of statewide residential rate reform ME&O and include coordination with other statewide ME&O efforts, including residential rate reform.

14. The EUC brand is well-positioned to be the statewide messenger for residential rate reform ME&O.

15. DDB was selected as Implementer for the EUC campaign through a competitive RFP process that included input from many stakeholders and the Commission's Energy Division.

16. Pursuant to D.15-07-001, the rollout of default TOU will begin in 2019.

17. Assuming a January 2019 launch date for default TOU, the Blueprint recommended that statewide messaging begin in June 2017.

18. A single contractor working on both statewide EUC ME&O and statewide residential rate reform ME&O will produce the greatest degree of cooperation and message cohesion between the campaigns as possible.

19. A contractor working on any statewide energy-related Commission ME&O project will require some time and money to perform the necessary background work to become familiar with the Commission, the IOUs, and the California electric power market.

20. As the EUC implementer, DDB has already performed the necessary background work in familiarizing itself with the Commission, the IOUs, the California electric power market, and California ratepayers.

21. Engaging DDB as a consultant for the residential rate reform ME&O campaign would avoid duplicative efforts and expenditures, and is necessary in order to conduct ME&O in time for the planned rollout of default TOU because it leverages the time and resources that the Commission, DDB, the IOUs, and other stakeholders have already expended on EUC.

22. Engaging DDB for the Strategy and Content Development Work will provide California ratepayers and the California public the advantages of efficiency, experience, and a targeted scope, all of which will save time and money as the state moves toward default TOU rates.

23. Although best contracting practices typically involve a competitive process, engaging DDB for the statewide rate reform ME&O effort is justified in this instance because no other vendor will be able to provide the benefits DDB can provide given its role in EUC and the benefits of having a single contractor integrate the two statewide campaigns.

24. Although the foundational and branding aspects of both the EUC campaign and statewide residential rate reform campaign can be the same, much of the strategy, content, implementation, and evaluation must be different.

25. The expansion of DDB's role is consistent with the plan set forth in the EUC Proceeding and in the Blueprint.

26. For purposes of creating an effective ME&O campaign, energy efficiency and TOU rates represent two distinct products and require different campaign strategies. The energy efficiency proceeding is focused on lead generation, this proceeding is focused on customer understanding of rates with emphasis on TOU rates.

27. Using separate mechanisms to hire the consultants for the two parts of the scope of work will allow for execution of the needed strategy while providing the best value to ratepayers.

28. In order to ensure the best value for ratepayers, DDB should be immediately engaged as the consultant for the Strategy and Content Development Work.

29. In order to ensure the best value to ratepayers and prevent potential conflicts of interest, the Implementation Work and Evaluation Work should be awarded in separate RFPs. DDB may bid for the Implementation Work but not the Evaluation Work.

30. The governance model proposed in the Blueprint is not necessary or appropriate for the statewide residential rate reform ME&O efforts.

31. The EUC contract includes an appropriate governance structure that can be applied to the statewide residential rate reform campaign.

32. The Blueprint's budget for statewide mass media was estimated to be \$126 million over three years and did not include production costs, agency and creative fees, or PR costs for a statewide campaign.

33. Creative and production costs could add an additional 10-20% of media costs to the total budget contained in the Blueprint.

34. The mass media budget will require adjustment should final rate decisions and/or other unforeseen market conditions change.

35. The budget set forth in the Blueprint provides a useful reference point for a statewide campaign that seeks to build customer trust and engagement.

36. Other than SCE, which proposed a budget for a regional "air cover" campaign, no parties have provided any benchmarks as to what would be a reasonable budget to accomplish the objectives of the statewide campaign.

37. DDB's current cost estimate for the statewide rate reform campaign is approximately \$31.7 million for strategy updates and content creation and testing based on an assumption of an approximate \$100 million media spend over two years.

38. DDB's budget is subject to change once the strategic and creative deliverables are confirmed.

39. Given the goals of the statewide rate reform ME&O campaign and the Blueprint's budget estimate, DDB's preliminary budget is within a reasonable range for successful execution of a statewide campaign.

40. If the budget is too low, the objectives will not be accomplished, and the money that is spent will not make an impact.

41. It is not beneficial or necessary to break the Strategy and Content Development Work into smaller pieces, nor is it feasible in light of time constraints.

42. There are errors in DDB's budget submission with regard to the identification of potential subcontractors tasked with community engagement for the statewide campaign that require correction.

43. Hiring a consultant to coordinate and facilitate aspects of the ME&O process will improve the efficiency and quality of stakeholder efforts.

44. The ME&O Working Group has a critical role in the statewide ME&O campaign and members of the Working Group must be diligent in their efforts to advise the Commission, the statewide marketing consultant, and other participants on ME&O issues.

Conclusions of Law

1. The Vision Metrics of (1) Engagement, (2) Rate Choice, and (3) Action should be adopted to serve as the guiding vision for ME&O for residential rate reform at both the statewide and IOU territory level.

2. The residential rate reform ME&O campaign should be coordinated and integrated with the EUC campaign with the EUC brand serving as the statewide messenger for residential rate reform.

3. The statement of work, containing two separate categories of work for statewide rate reform ME&O set forth in the July 2017 Ruling, as modified above, should be adopted.

4. DDB's proposed role on statewide residential rate reform ME&O is incremental to its existing EUC contract and PG&E should be directed to amend DDB's EUC contract to include Strategy and Content Development Work for statewide residential rate reform ME&O.

5. A consultant tasked with a deliverable should not be tasked with evaluation of that deliverable.

6. The IOUs should be directed to issue separate competitive RFPs for the Implementation Work and Evaluation Work.

7. The governance structure for EUC should apply to the statewide residential rate reform ME&O work.

8. DDB's preliminary budget of approximately \$31.7 million for the Strategy and Content Development Work should be approved with the understanding that this budget will be refined once the strategic and creative deliverables are confirmed.

9. DDB's final Media Plan and Budget should include workpapers and identify specific areas of cost savings and other efficiencies resulting from DDB as both the EUC and residential rate reform implementer.

10. KPIs should be included in the amended EUC contract to ensure adequate performance and the efficient use of ratepayer dollars.

O R D E R

IT IS ORDERED that:

1. The Vision Metrics of (1) Engagement, (2) Rate Choice, and (3) Action described in this decision are adopted to serve as the guiding vision for marketing, education, and outreach for residential rate reform at both the statewide and investor-owned utility territory level.
2. The scope of work for statewide residential rate reform marketing, education, and outreach, set forth in Appendix A to this decision, as modified by this decision is hereby adopted.
3. Pacific Gas and Electric Company (PG&E) is directed to amend the existing statewide marketing, education, and outreach contract with DDB San Francisco to include the scope of work and budget for the Strategy and Content Development Work set forth in Appendix A to this decision. The contract amendment shall include key performance indicators agreed upon by DDB San Francisco and the Marketing, Education, and Outreach Working Group. Within 30 days of the issuance of this decision, PG&E shall submit the contract amendment to the Commission's Energy Division in a Tier 1 advice letter.
4. Upon execution of the contract amendment to its existing statewide marketing, education, and outreach contract, DDB San Francisco (DDB) shall proceed with preparation of the Blueprint Update (Deliverable 1 of the Strategy and Content Development Work). Consistent with the schedule set forth in Appendix A to this decision, DDB shall submit the updated Media Plan and Budget within 90 days of the contract amendment date to the Commission's Energy Division in a Tier 1 advice letter filing. The updated Media Plan and Budget shall include workpapers and identify specific areas of cost savings and other efficiencies resulting from DDB as both the Energy Upgrade California and

residential rate reform contractor. DDB shall also provide a summary of how it researched and incorporated effective strategies, supported by appropriate resources, to provide outreach to diverse and hard-to-reach populations, including via community-based organizations.

5. The Blueprint Update (Deliverable 1 of the Strategy and Content Development Work) shall be filed as a Tier 1 Advice Letter and include revised metrics as necessary to be consistent with the Vision Metrics adopted in today's decision. The revised metrics shall also distinguish between statewide and investor-owned utility efforts. Energy Division staff shall consult with the Marketing, Education, and Outreach Working Group and, by e-mail to the service list, shall set a reasonable deadline for completion for the Blueprint Update.

6. A budget of up to \$31.7 million is authorized for the Strategy and Content Development Work set forth in Appendix A to this decision. The budget for Deliverables 2 and 3 of this work shall be confirmed upon completion of Deliverable 1, the Blueprint Update.

7. Pacific Gas and Electric Company is authorized to make any necessary amendments to the existing statewide marketing, education, and outreach contract with DDB San Francisco to conform to the Blueprint Update (Deliverable 1 of the Strategy Content and Development Work) and to submit these contract amendments to the Commission's Energy Division in a Tier 1 advice letter.

8. Expenditures for the statewide residential rate reform marketing, education, and outreach campaign shall be allocated per investor-owned utility as follows: Pacific Gas and Electric Company: 45%, Southern California Edison Company: 43%, and San Diego Gas & Electric Company: 12%. The

investor-owned utilities are authorized to track expenditures for the statewide campaign in their respective Residential Rate Reform Memorandum Accounts.

9. In consultation with the Commission's Energy Division and the Marketing, Education, and Outreach Working Group established by Decision 15-07-001, the investor-owned utilities shall hire two separate consultants for the Implementation Work and Evaluation Work set forth in Appendix A to this decision based on an open and competitive request for proposals process. DDB San Francisco and the consultant selected for the Implementation Work shall not be permitted to serve as the consultant for the Evaluation Work.

10. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company may propose a phased or rolling approach to defaulting customers to time-of-use rates in their respective 2018 rate design window applications.

11. The "Coordinating Marketing, Education and Outreach (ME&O) Consultant" shall be hired no later than January 31, 2018, by Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company for the purpose of facilitating workshops and the ME&O Working Group, and for the purpose of coordinating logistics between the utilities, Commission, parties, the ME&O Working Group, and the Energy Upgrade California or other statewide marketing consultants. The investor-owned utilities may use a targeted request for proposals process to engage this consultant.

12. Rulemaking 12-06-013 remains open.

This order is effective today.

Dated December 14, 2017, at San Francisco, California.

MICHAEL PICKER

President

CARLA J. PETERMAN

LIANE M. RANDOLPH

CLIFFORD RECHTSCHAFFEN

Commissioners

I dissent.

/s/ MARTHA GUZMAN ACEVES

Commissioner

APPENDIX A

SCOPE OF WORK FOR STATEWIDE RESIDENTIAL RATE REFORM MARKETING, EDUCATION AND OUTREACH

Phase 1: Strategy and Content Development Work¹* **Deliverable 1 – MEO Blueprint Update*

Under the California Public Utilities Commission's mandate to transition residential electricity customers through a series of rate changes, the Contractor will develop a statewide Marketing, Education, and Outreach (ME&O) campaign that is coordinated, aligned, and integrated with the Energy Upgrade California (EUC) efforts to increase Californians' understanding of their energy use and the benefits of taking action to manage that energy use. The Contractor will coordinate with EUC administrative staff² and the rate reform ME&O Working Group to refine the statewide campaign portions of the current ME&O Blueprint.³ The Contractor will provide written feedback and specific suggested improvements on the Blueprint within thirty (30) days of the contract date. The Contractor will collaborate with the EUC administrative staff and the rate reform ME&O Working Group to incorporate changes within sixty (60) days from the receipt of the feedback and comments.

The updated Blueprint must support the following goals and objectives:

- Develop a complementary and coordinated statewide marketing communications plan based on the existing research in the Blueprint that will also leverage and be integrated with EUC;

¹ Phase 1 is to be completed by DDB San Francisco, the current implementer of the Energy Upgrade California campaign.

² EUC administrative staff refers to Commission staff from Executive Division and Energy Division who oversee the EUC contract and operations and guide the EUC regulatory and stakeholder processes, respectively.

³ The consultant Greenberg, Inc. delivered a comprehensive ME&O plan, the RROIR ME&O Blueprint (Blueprint), on August 20, 2016. A copy of the Blueprint can be found at: <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=183957069>.

- Identify additional targeted residential populations and refine strategies to be inclusive of diverse and hard-to-reach residential populations. Targeted markets will include language specific, culturally specific, disproportionately affected, low-to-moderate income populations, disabled populations and other hard-to-reach communities;
- Coordinate with EUC administrative staff and the rate reform ME&O Working Group to coordinate and integrate strategies across all partner channels, including investor-owned utilities (IOUs) and Community Based Organizations (CBOs);
- Recommend and develop alternative outreach strategies, including but not limited to digital media, social networking, and grassroots community outreach tactics to leverage alternative platforms outside of traditional paid media to extend the reach of campaigns;
- Provide a Public Relations plan that is coordinated and integrated with public relations work under DDB's EUC contract;
- Thorough analysis and recommendation of optimal campaign timing, balancing customer experience and costs and taking into account campaign goals, individual IOU rollout dates, and benchmarking/best practices; and
- Budgets for Deliverables 2 and 3, including workpapers and identification of specific areas of cost savings and other efficiencies resulting from leveraging of EUC.

The Contractor will provide the first update within ninety (90) days of the amendment to the EUC contract to add the scope of work awarded for statewide residential rate reform ME&O.

Deliverable 2 – Content Development, Content Testing and Creative Design

The Contractor is expected to conceptualize, develop, and produce creative campaigns and contents. The Contractor will develop a research plan to test creative concepts using methods such as focus groups and surveys if necessary to augment comparable research that is already available. The advertising campaigns will complement and leverage the current EUC strategies and advertisements (ads) while adding new and original content for residential rate reform.

The Contractor may produce intellectual capital that includes:

- Creative brief(s) that align with the identified campaign strategies, messages, and target populations in the updated Blueprint to educate and increase awareness of the target audience;
- Background research and calculations;
- Focus groups and surveys to validate concepts before content production;
- Creative content to align with the updated Blueprint including but not limited to:
 - Social media creative content across social media platforms;
 - Community outreach fairs and events;
 - Traditional print media; and
 - Other alternative media channels.
- Translation, adaptation, and localization of ad content and marketing collateral. The Contractor must coordinate with service providers to produce in-language materials that are appropriate for the identified populations;
- Public Relations content; and
- Additional marketing collateral upon request to support program needs.

The Contractor must obtain the approval of the EUC administrative staff prior to submission and will submit the final content creation no more than five (5) months from the date of the amendment of its EUC contract to add the scope of work awarded for statewide residential rate reform ME&O.

Deliverable 3 – Updates and Maintenance

The contractor is expected to provide updates to the ME&O Blueprint at least annually through 2019 and as requested by the EUC administrative staff to adapt to changes according to the needs of the program. These updates should be provided to EUC administrative staff, the rate reform ME&O Working Group, and the Phase II contractor. Updates may include but are not limited to:

- Updates to the Public Relations plan;
- Social media creative content; and
- Campaign updates.

The Contractor will create an update schedule with EUC administrative staff following the conclusion of Deliverable 2, no more than six (6) months from the date of the amendment of its EUC contract to add the scope of work awarded for statewide residential rate reform ME&O.

Phase II-A: Implementation Work⁴

Deliverable 1 – Paid Media Implementation

The Contractor will create a cost-effective paid media strategy that aligns with the updated Blueprint to engage different target market segments. The Contractor will manage all paid media to be purchased in the marketplace and ensure that they meet the following objective and program needs:

- Identify most cost-effective media placement to maximize exposure with specified media channels and mediums;
- Coordinate media plan with Phase I contractor;
- Consult best practices, lessons learned, and interim outcomes of current or previous campaign efforts when developing paid media plan;
- Disseminate ads through channels specifically targeted to the low-income, linguistically and culturally specific, geographically isolated, disabled and other hard-to-reach audiences;
- Track monthly media placement in a detailed log, including but not limited to:
 - Implementation timeline of each ad;
 - Expected outcomes;

⁴ The work for Phases II-A and II-B will be awarded to two separate contractors based on an open and competitive request for proposals process.

- Budget;
- Media monitoring updates;
- Media buy reports, including;
 - Target demographic segments;
 - Vendor, network, or stations for each media;
 - Days aired and time(s) of day, if applicable;
- Post-analysis, including
 - Total impressions delivered, as applicable;
 - Actual ratings delivered, as applicable; and
 - Digital Key performance indicators, such as click-through rates, cost per clicks, etc.

Deliverable 2 – Alternative Outreach Efforts

The Contractor will implement new strategies developed in the content development phase for alternative outreach platforms to ensure full coverage of market segments with various preferences. Alternative outreach efforts shall align with the goals and objectives of the updated Blueprint, and must include but are not limited to the following:

- Purchase media placement in alternative platforms that align with new strategies that will be developed in Phase I;
- Develop and curate social media and digital media content to increase online presence and improve user's experience with the current EUC online platform and website; and
- Coordinate with IOU community partners and CBOs to disseminate creative content and materials customized for the low-income, linguistically and culturally specific, geographically isolated, disabled and/or other hard-to-reach populations.

Phase II-B: Evaluation Work

The Contractor will provide an interim and final evaluation of strategy effectiveness based on metrics defined by EUC administrative staff and the ME&O Working Group.

(END OF APPENDIX A)

APPENDIX B

ROLE OF DIFFERENT CONSULTANTS

Consultant/Scope of Work	Description/Status
Statewide Consultant for Strategy and Content Development Work	DDB San Francisco
Statewide Consultant for Implementation Work	Consultant to run the residential rate reform statewide marketing, education, and outreach (ME&O) program. To be hired through a request for proposals (RFP) process.
Statewide Consultant for Evaluation Work	Consultant to evaluate the effectiveness of residential rate reform statewide ME&O program. To be hired through an RFP process.
Coordinating ME&O Consultant	Consultant to coordinate logistics between the utilities, Commission, parties, working group and Energy Upgrade California (EUC) and to facilitate workshops and working group meetings.
Statewide EUC Consultant	Consultant hired to lead the statewide EUC campaign for the Energy Efficiency program. DDB was selected by an RFP process in the Energy Efficiency Marketing Proceeding. The EUC Consultant is required to coordinate with the residential rate reform campaign.

(END OF APPENDIX B)